

Will Republicans Hold Our Economy Hostage to a Divisive Agenda?

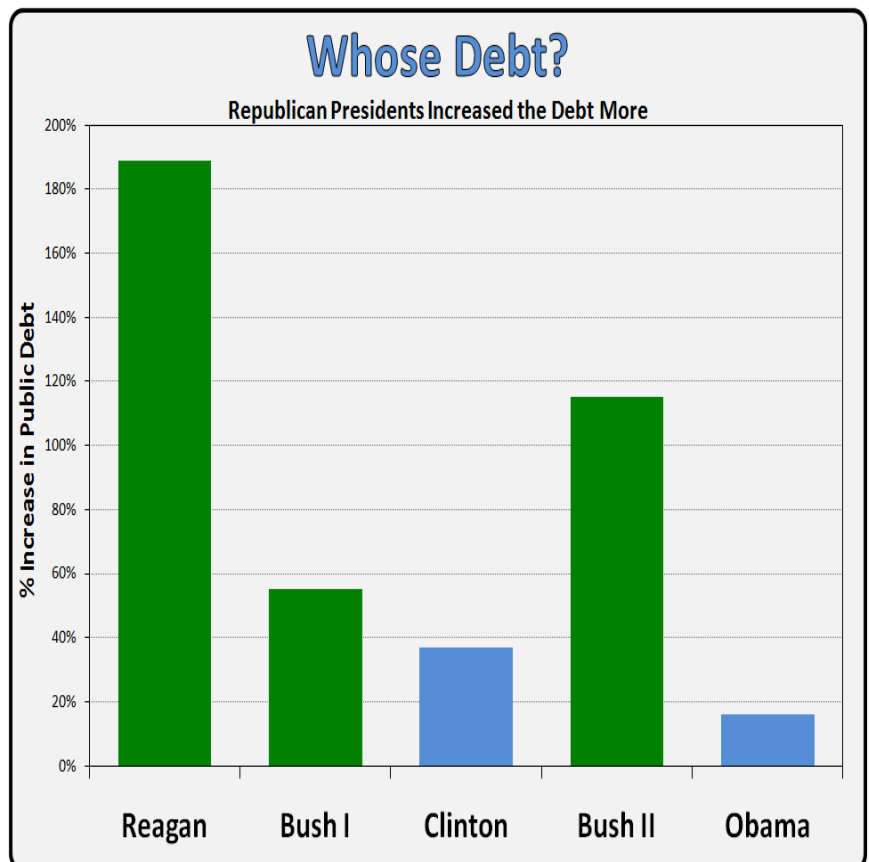
Democrats Call On Republicans to Take Responsibility for Debt They Created

“Any attempt by either party to use the full faith and credit of the United States as a bargaining chip to advance partisan policy agendas would be irresponsible.” –Treasury Secretary Geithner
[05/02/11]

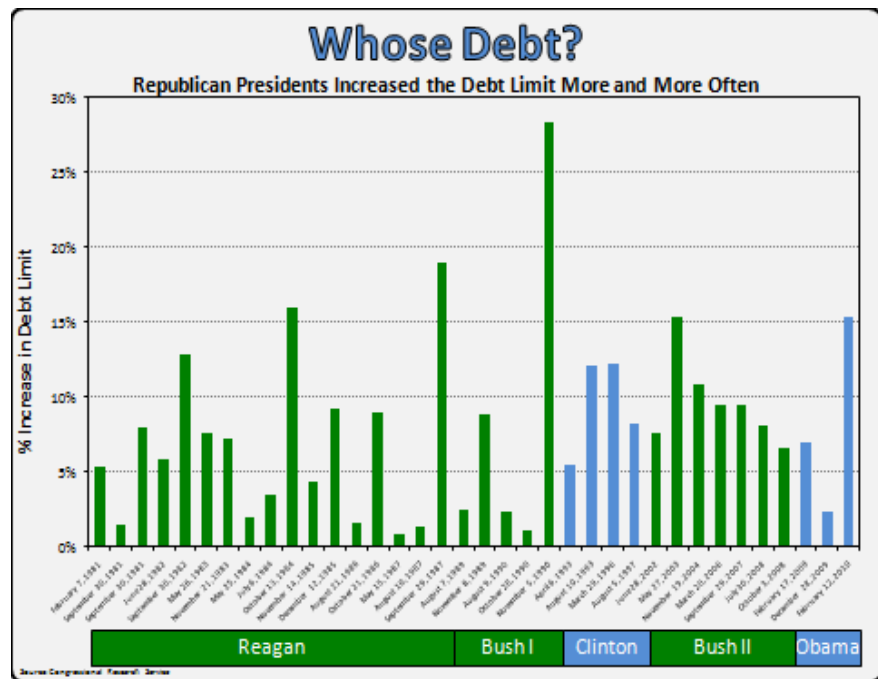
“[W]hat’s wrong is to say that if one side doesn’t get 100 percent of what it wants in terms of coming up with that plan that they will put the entire economy at risk.” –Budget Committee Ranking Member Chris Van Hollen [CNN, [05/01/11](#)]

Yesterday, Treasury Secretary Geithner informed Congress that, unless Congress takes action to increase the debt limit, our country will approach the debt ceiling in two weeks. But rather than working together to meet our responsibilities, Republicans continue to hold the economy hostage to their divisive agenda by threatening to default on our debt, even though it was their policies that created most of our debt.

“The nation’s unnerving descent into debt began a decade ago with a choice, not a crisis... Voices of caution were swept aside in the rush to take advantage of the apparent bounty. Political leaders chose to cut taxes, jack up spending and, for the first time in U.S. history, wage two wars solely with borrowed funds... The biggest culprit, by far, has been an erosion of tax revenue triggered largely by two recessions and multiple rounds of tax cuts... All told, Obama-era choices account for about \$1.7 trillion in new debt, according to a separate Washington Post analysis of CBO data over the past decade. Bush-era policies, meanwhile, account for more than \$7 trillion and are a major contributor to the trillion-dollar annual budget deficits that are dominating the political debate.”
[Washington Post, [4/30/11](#)]



Interestingly, Republican presidents have raised the debt limit more frequently than Democratic presidents. President Reagan raised the debt limit 18 times (increasing the debt limit by 200%), President George H.W. Bush raised the debt limit 9 times (increasing the debt limit by 50%), and President George W. Bush raised the debt limit 7 times (increasing the debt limit by 90%). Republicans need to take responsibility for the debt they've created and stop holding the economy hostage.



Everyone from economists to business leaders have warned Republicans of the consequences of holding the economy hostage over the debt limit:

The Business Roundtable: “Business Roundtable believes a debt limit increase is simply unavoidable and necessary to protect the long-term health of our economy and ensure America’s international credibility.” [Washington Post, [05/02/11](#)]

Donald Marron, a former economic adviser to President George W. Bush: “‘This hypothetical is a very weird hypothetical... There is not a lot of historical record in the U.S. or abroad’ in a case where ‘we have the financial capabilities to pay all of our near-term obligations but are for some peculiar political reason choosing not to.’” [Bloomberg, [05/02/11](#)]

Philip Swagel, a former adviser to Bush administration Treasury Secretary Henry Paulson: “Failing to raise the debt limit is ‘really the wrong way to run the government.’” [Bloomberg, [05/02/11](#)]

Matthew Zarnes, a managing director of J.P. Morgan Chase & Co., and head of the Treasury Borrowing Advisory Committee: “[He] warned that uncertainty already existed in financial markets and could begin to impact markets well before the ‘drop-dead’ date.” [MarketWatch, [05/02/11](#)]

It is not one party’s responsibility to raise the debt limit. As Speaker Boehner has said, it’s an “adult” moment – Republicans created most of our debt and it’s their responsibility to work with Democrats to find common ground. Any attempts by either party to use the economy as a bargaining chip to advance a partisan agenda would be irresponsible. Republicans must not hold our economy hostage in pursuit of their partisan goals.